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FISCAL IMPACT REPORT

SPONSOR Salazar **ORIGINAL DATE** 1/28/08
LAST UPDATED _____ **HB** 280
SHORT TITLE Manufacturing Extension Services **SB** _____
ANALYST Earnest

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
\$1,300.0		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

House Bill 280 duplicates Senate Bill 110.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 280 appropriates \$1.3 million for expenditure in FY08 and FY09 from the general fund to the Economic Development Department to contract for manufacturing extension services for small and mid-sized manufacturers. The appropriation is contingent on the receipt of money from the National Institute of Standards and Technology (NIST) to operate a manufacturing center in New Mexico that is approved by NIST. The bill declares an emergency.

FISCAL IMPLICATIONS

The appropriation of \$1.3 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

SIGNIFICANT ISSUES

EDD reports that manufacturing extension services to New Mexico's emerging and medium-size manufacturing companies is a key technical assistance program utilized by the Economic

Development Department. This assistance helps these companies streamline their processes so that they operate more efficiently and become more competitive. This type of technical assistance ultimately results in the creation of more jobs and greater capital investment in New Mexico. Manufacturing Extension Services is extremely valuable to start-up manufacturers by helping them design streamlined processes.

The Economic Development Department also has a program to train companies in streamlining manufacturing practices to become ISO-9000 certified.

PERFORMANCE IMPLICATIONS

According to EDD, the department has an existing contract with New Mexico Manufacturing Extension Partnership (NMMEP) for manufacturing extension services. From July 1 to December 31, 2007, NMMEP has assisted 26 urban and 46 rural companies with manufacturing extension services. Since 2000, NMMEP has created or retained approximately 2,631 jobs.

In addition, EDD reports that one of NMMEP's successes is La Puerta Original Incorporated, a high-end custom door and millwork company located in Santa Fe. Through Lean Manufacturing Principles, NMMEP's assistance has resulted in faster, more efficient production process, reduced paperwork, greater on-time delivery to customers, improved customer satisfaction, and improved cash flow for La Puerta.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 280 duplicates Senate Bill 110.

BE/bb